

# NEWS FROM

## **Alabama Student Loan Program—KHEAA**

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### **New loan program will help Alabama students pay for college**

**Montgomery, Alabama (June 19, 2006)**—A special, low-cost student loan program is now available that can help Alabama students pay the cost of obtaining a college education and save them hundreds or even thousands of dollars in fees, interest and loan cancellation.

The Alabama College Loan Program is available to students attending Alabama colleges that participate in the Federal Family Education Loan Program. Under an agreement with The Student Loan People<sup>sm</sup>, a nonprofit student loan provider, students receiving Federal Stafford Loans through the Alabama College Loan Program will not pay an origination fee or default fee. Since these fees are normally deducted from the loan, students will be saving 3 percent.

Parents and graduate students who receive Federal PLUS Loans through the program will not pay the default fee. The federal government requires lenders to charge the origination fee on PLUS Loans, but borrowers through the Alabama College Loan Program will receive a 1 percent interest rate reduction as soon as they receive all the loan funds. Borrowers must make monthly, on-time payments to continue to receive the interest rate reduction.

When students and parents begin repaying their loans, they'll be able to save even more.

Borrowers of Stafford and PLUS Loans from the Alabama College Loan Program will receive a 5 percent reduction to the original loan principal after making their first 30 monthly, on-time payments. They'll also qualify for a 0.25 percent interest rate reduction if their payments are taken directly out of their bank accounts.

For more information about this money-saving program, visit [www.alstudentaid.com](http://www.alstudentaid.com); write the Alabama Student Loan Program, 100 North Union Street, Suite 308, Montgomery, AL 36104-3761; or call 334-265-9720, toll free (800) 721-9720.

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The Alabama College Loan Program makes no representation, offer or promise to be relied upon about continued availability of loan benefits or about the accuracy or completeness of this printed information. Benefits may change or be cancelled without notice, at any time, by operation of applicable laws or by the Alabama College Loan Program, for any reason at its sole discretion. Students are encouraged to contact the Alabama College Loan Program each year they expect to receive benefits to verify eligibility for and availability of the loan benefits/programs and to contact a tax advisor about tax consequences of loan benefits.